

<p style="text-align: center;">Application Template for Health Insurance Flexibility and Accountability (HIFA) §1115 Demonstration Proposal</p>
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The State of **Michigan**, Department of **Community Health** proposes a section 1115 demonstration entitled **the Adult Benefits Waiver**, which will increase the number of individuals with health insurance coverage.

I. GENERAL DESCRIPTION OF PROGRAM

The **Adult Benefits Waiver**, which is scheduled to begin on **September 1, 2003**, will provide health insurance coverage to an additional **62,000*** residents of the State of Michigan with countable incomes at or below 35% of the federal poverty level. The increased coverage will be funded by **state general funds and an increased utilization of Michigan's SCHIP allocation to cover uninsured childless adults. The new program is an expansion of an existing state program and will provide additional benefits including an inpatient hospital case rate,** mental health and substance abuse benefits, and will markedly improve access to care. The new Title XXI program will utilize the Medicaid administrative system (e.g., the Medicaid payment system and quality assurance systems) and the Medicaid provider network with the addition of county health plans (in counties where they exist) as managed care providers.**

*The number of covered individuals would increase to 63,775 with the proposed waiver amendments.

**The inpatient hospital benefit would be eliminated effective April 1, 2004

II. DEFINITIONS

Income: In the context of the HIFA demonstration, income limits for coverage expansions are expressed in terms of gross income, excluding sources of income that cannot be counted pursuant to other statutes (such as Agent Orange payments.)

Mandatory Populations: Refers to those eligibility groups that a State must cover in its Medicaid State Plan, as specified in Section 1902(a)(10) and described at 42 CFR Part 435, Subpart B. For example, States currently must cover children under age 6 and pregnant women up to 133 percent of poverty.

Optional Populations: Refers to eligibility groups that can be covered under a Medicaid or SCHIP State Plan, i.e., those that do not require a section 1115 demonstration to receive coverage and who have incomes above the mandatory population poverty levels. Groups are considered optional if they can be included in the State Plan, regardless of whether they are included. The Medicaid optional groups are described at 42 CFR Part 435, Subpart C. Examples include children and pregnant women covered in Medicaid above the mandatory levels, children covered under SCHIP, and parents covered under

Medicaid. For purposes of the HIFA demonstrations, Section 1902(r)(2) and Section 1931 expansions constitute optional populations.